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LISTING STATEMENT No. 2234

LISTED APRIL 7th, 1966

673,835 common shares without par value, of which 533,500 are subject to issuance.

Ticker abbreviation "GRE"

Dial ticker number 1465

Post section 5.3

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

GREB INDUSTRIES LIMITED

Incorporated under the laws of the Province of Ontario
by Letters Patent dated October 27, 1930.

COMMON SHARES WITHOUT PAR VALUE
(Transferable in Toronto, Montreal, Winnipeg and Vancouver)

CAPITALIZATION AS AT MARCH 30, 1966

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Class A preference shares with a par value of \$100 each, issuable in series, of which the first series is 5% Cumulative redeemable Class A preference shares, first series	31,200		
	5,600	5,600	none
Class B non-cumulative non-voting redeemable shares with a par value of 20¢ each	10,000,000	none(1)	none
Class C participating shares without par value	750,000	533,500(2)	none
Common shares without par value	1,500,000	140,335	673,835(2)

NOTE: (1) The Company proposes from time to time to pay dividends on the Class C participating shares in whole or in part by way of stock dividend consisting of Class B non-cumulative non-voting redeemable shares and to redeem forthwith any Class B non-cumulative non-voting redeemable shares issued as a result of such stock dividend.

(2) The 533,500 Class C participating shares may be converted at any time at the option of the holders thereof into common shares on the basis of one common share for each Class C participating share so converted. Whenever such conversions occur the number of authorized and issued Class C participating shares will be decreased and the number of authorized and issued common shares will be increased by the number of Class C participating shares converted into common shares.

FUNDED DEBT	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
6¾ % Secured Sinking Fund Debentures, Series A maturing November 15, 1981	\$1,000,000	\$1,000,000	nil
7% Secured Sinking Fund Debentures, Series B, maturing November 15, 1981	\$ 700,000	\$ 700,000	nil

NOTE: Additional Secured Debentures may be issued in one or more series, unlimited in principal amount, subject to restrictions contained in the Deed of Trust and Mortgage and First Supplemental Deed of Trust and Mortgage under which the above Secured Debentures were issued.

1. APPLICATION

GREB INDUSTRIES LIMITED (herein called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 673,835 common shares without par value of the Company (herein sometimes called the "common shares") of which 140,335 have been issued and are outstanding as fully-paid and non-assessable. The remaining 533,500 common shares included in this application have been reserved for issue upon conversion of 533,500 Class C participating shares without par value which have been issued and are outstanding as fully-paid and non-assessable.

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached prospectus issued by the Company under date of February 26, 1966 with respect to the offering of 135,000 common shares without par value of the Company, a copy of which prospectus is hereby incorporated in this application and made part hereof.

3. SHARE ISSUES DURING THE PAST TEN YEARS

- (a) Class B preference (former capitalization, now designated as 5% Cumulative redeemable Class A preference shares, first series)

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
October 9, 1965	1,813	\$100	\$181,300	Redemption of 213 Class A (former capitalization) and retirement of debt.

- (b) Common shares without par value (former capitalization, since subdivided into 33,500 Class C participating shares without par value and 335 common shares without par value)

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
October 29, 1965	335		\$500,000	Part of purchase price of shares of The Western Shoe Company Limited, The Canada Skate Company Limited and Bauer Canadian Skate, Inc.

4. LISTING ON OTHER STOCK EXCHANGES

None of the securities of the Company or of any of subsidiaries or controlled companies are listed on any other stock exchange.

5. STATUS UNDER SECURITIES ACTS

The said 135,000 common shares without par value offered for sale by the above mentioned prospectus were qualified for sale to the public through registered brokers in each of the Provinces of Canada.

6. FISCAL YEAR

The fiscal year of the Company ends on the Saturday on or closest to October 31 in each year.

7. ANNUAL MEETING

The By-laws of the Company provide that the annual meeting of shareholders shall be held at such place within Ontario at such time and on such day in each year as the board of directors may determine. The last annual meeting of the Company was held February 17, 1966 at the head office of the Company.

8. HEAD OFFICE AND OTHER OFFICES

The head office of the Company is located at 1 Adam Street, Kitchener, Ontario. The Company also has an office at 136 Market Street East, Winnipeg, Manitoba.

9. TRANSFER AGENT AND REGISTRAR

Canada Permanent Trust Company at its principal transfer offices in Toronto, Montreal, Winnipeg and Vancouver is the transfer agent and registrar for the common shares of the Company.

10. TRANSFER FEE

No fee is charged on the transfer of the common shares other than customary Government stock transfer taxes.

11. AUDITORS

The auditors of the Company are Messrs. Thorne, Mulholland, Howson & McPherson, Chartered Accountants, 305 King Street West, Kitchener, Ontario.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER, AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

This prospectus is not, and under no circumstances is to be construed as, a public offering of these common shares for sale in the United States of America or in the territories or possessions thereof.

New Issue



Greb Industries Limited

(Incorporated under the laws of the Province of Ontario)

135,000 Common Shares

without par value

Transfer Agent and Registrar:

Canada Permanent Trust Company, Toronto, Montreal, Winnipeg and Vancouver

The listing of these common shares on The Toronto Stock Exchange has been approved subject to the filing of documents and evidence of satisfactory distribution to be furnished within 90 days of such approval.

In the opinion of counsel these common shares will be investments in which the Canadian and British Insurance Companies Act (Canada) states that companies registered under Part III thereof may, without availing themselves for that purpose of the provisions of subsection (4) of Section 63 of said Act, invest their funds.

We as principals offer these common shares subject to prior sale and change in price if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on our behalf by Messrs. Tory, Tory, DesLauriers & Binnington, Toronto and on behalf of the Company by Messrs. Clement, Eastman, Dreger, Martin & Meunier, Kitchener.

Price: \$11.50 per share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that interim share certificates, later exchangeable without cost for definitive share certificates, will be available for delivery on or about March 15, 1966.

GREB INDUSTRIES LIMITED

1 Adam Street,
Kitchener, Ontario,
February 26, 1966.

WOOD, GUNDY & COMPANY LIMITED,
36 King Street West,
Toronto 1, Ontario.

Dear Sirs:

With reference to the proposed issue by Greb Industries Limited (which company and its subsidiaries are hereinafter sometimes collectively referred to as the "Company") of 135,000 of its common shares without par value, we have pleasure in providing the following information:

The Company

Greb Industries Limited, whose business was founded in Kitchener in 1912, is the second largest Canadian footwear manufacturer in terms both of volume and of value of sales. The Company currently produces some 6% by value of the footwear manufactured in Canada.

The Company has shown outstanding growth in sales and profits in recent years, and is now one of the few major units in an industry characterized by the presence of large numbers of small manufacturers. The Company believes there is evidence that the footwear industry in Canada is entering a phase, similar to that experienced in the United States, in which the stronger and more aggressive units will expand by acquiring and consolidating the smaller units. The Company, which has already made significant acquisitions in 1959 and in 1965, fully expects to be a leader in this trend.

The Company's subsidiaries are as follows: Greb Shoes Limited, Greb Realty Limited, Tebbutt & Greb Shoes Limited, Metro Marine Limited, The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc.

Products

The Company's output is accounted for principally by casual footwear sold under the trade name "Hush Puppies", work and hunting boots sold under the trade name "Kodiak" and ice skating outfits sold under the trade name "Bauer".

The Company owns no retail footwear outlets, but markets its products to dealers across Canada principally through its own sales force. The Company has demonstrated its ability to compete in export markets, principally in the sale of ice skating outfits and hunting boots, and export sales by dollar value have risen 43% since 1961 and amounted to some 9% of total sales value in the 1965 fiscal year.

Casual Footwear — "Hush Puppies"

"Hush Puppies", whose outstanding growth in sales has been a feature of the shoe industry in recent years, are medium to better grade casual shoes usually made of pigskin rather than cowhide and of cement rather than sewn construction. These shoes are now produced for men, women and children in over ninety different styles and colours. In the Company's latest fiscal year, "Hush Puppies" accounted for some 50% of its total sales value.

The Company holds the exclusive Canadian licence for the production of "Hush Puppies" from the licensor, Wolverine Shoe & Tanning Corporation of Rockford, Michigan, which company is the world's largest producer of tanned pigskin. The licence held by the Company has a remaining term of over fifteen years, a period during which the Company has sole and exclusive right to use the trade mark "Hush Puppies" on shoes sold in Canada and to purchase pigskin from Wolverine or its licencees for their manufacture.

The success of "Hush Puppies" has been solidly based on superior quality and distinctiveness in materials and manufacture and on well conceived and effective sales promotion. Despite the widespread introduction in recent years of shoes of a similar type by the Company's competitors, "Hush Puppies" hold on the market continues to strengthen. Sales of "Hush Puppies" in the Company's latest fiscal year represented a 10% increase in pairage over the previous year despite a shortage of available pigskin. In the current Spring booking season which ended January 31, 1966, which based on past experience should provide approximately 36% of total orders for the year, and during which pigskin supplies once again became adequate, sales orders were over 18% in pairage above those in the similar period of the year before.

Work and Hunting Boots — "Kodiak"

The growth in the Company's sales of work and hunting boots, which it has produced for many years, has also been strong. The Company's success in this field has been based on successful application of the "vulcanizing" process in which uppers are bonded by heat and pressure to rubber soles formed from uncured rubber biscuits. This eliminates the conventional stitching of uppers to soles and permits production of a fully waterproof leather boot.

This vulcanized line has secured wide acceptance, with a resulting 70% increase in civilian pairage volume since 1961, and now absorbs the entire output of one of the Company's Kitchener plants on a two shift basis.

The Company has made growing export sales in the United States of its premium priced hunting boots. One version of these boots, adopted as standard issue combat boots by the Canadian Army, has produced sizeable government contracts.

Ice Skating Outfits — "Bauer"

Through its Bauer division acquired last year, the Company is believed to be the largest producer of ice skating outfits in Canada. Its production of these outfits includes both the shoe and the steel blade components.

In Canada, the Company's share of the market for ice skating outfits has increased sharply in recent years and amounted to some 27% in 1964, the latest year for which industry figures are available. In the United States, ice skating outfits can be imported from Canada against a tariff of only 10%, which is largely offset by the discount on the Canadian dollar. The Company's sales of ice skating outfits in this market represent some 25% of its output and accounted for some 3.5% of total United States demand in 1964. Export sales in recent years have not paralleled the substantial expansion in the size of the market, and the Company believes that there is a significant opportunity for sales expansion in this area.

Other Products

The Company's remaining products include a line of premium quality hand-sewn moccasin loafers under the trade name "Mohicans", and athletic footwear, including roller skating, baseball, football and soccer shoes and other items. In addition, approximately 2½% of the Company's sales are represented by products of other manufacturers sold on a wholesale basis.

The Company has negotiated an exclusive Canadian licence arrangement with Acme Boot Company, Inc., of Clarksville, Tennessee, one of the world's largest boot makers, for production of cowboy and dress Wellington boots. In view of the marked success of these lines in the United States in recent years, the Company is confident that the arrangement will increase its sales volume significantly within the next two years.

Facilities

The Company owns three shoe factories and a steel skate plant in Kitchener, Ontario with an aggregate area of 135,000 square feet and a total capacity of some 9,000 pairs of footwear per day. The Company also owns in Kitchener two finished shoe warehouses and a factory office building, and rents head office and storage space.

In 1962 the Company embarked on a long-term program for the relocation and expansion of its Kitchener facilities. Some 15 acres of land were acquired in the new Rockway industrial park on the edge of the city and one of the four plants mentioned above and one of the finished shoe warehouses are new facilities built on this site in 1964. Ultimately, the Company plans to relocate all its Kitchener operations in fully modern premises on the new site.

In Winnipeg the Company rents 58,000 square feet of shoe factory and office space with a capacity of 3,500 pairs per day, together with a finished shoe warehouse in another location. In 1965 the Company purchased some 7 acres of land in the new Inkster industrial park in Winnipeg and a relocation and expansion plan has been announced. A new warehouse owned by the Company is to be completed this year and a manufacturing plant and office building in 1969.

In addition to the production from its own plants, a further 1,800 pairs of shoes a day are being manufactured for the Company by other producers.

The Company owns a warehouse in North Tonawanda, N.Y. (a suburb of Buffalo) used in the distribution of ice skating outfits in the United States market, and maintains rented warehouses in Vancouver and Trois Rivières.

It has been general practice in the shoe industry to rent rather than own many items of factory equipment. The Company's policy is progressively to minimize equipment rentals and royalties by the purchase of its machinery. Fixed rentals in the Company's latest fiscal year amounted to some \$66,000 and royalties to a further \$39,000.

Management and Employees

A large part of the Company's success can be attributed to a relatively youthful but able and experienced management team. While its senior executives have an average of over 20 years experience with the Company, their average age is only 46.

The Company employs almost 1,100 people, of whom some 700 are at Kitchener and 350 at Winnipeg. Labour relations have been excellent for many years.

Capitalization

The capitalization of the Company is shown in the accompanying Pro Forma Consolidated Balance Sheet as at October 30, 1965 as follows, after giving effect to the transactions referred to in Note 1 thereto including the issuance of the common shares offered by this prospectus:

	Authorized (1)	Issued and Outstanding
Secured Debentures.....		
6¾% Secured Sinking Fund Debentures, Series A, maturing November 15, 1981.....		\$1,000,000
7% Secured Sinking Fund Debentures, Series B, maturing November 15, 1981.....		\$ 700,000
Class A preference shares with a par value of \$100 each, issuable in series	31,200 shs.	
5% Cumulative redeemable Class A preference shares, first series (1).....		5,600 shs.
Class B non-cumulative non-voting redeemable shares with a par value of 20¢ each (1) (2).....	10,000,000 shs.	
Class C participating shares without par value (1) (3) (4).....	750,000 shs.	533,500 shs.
Common shares without par value (1) (4).....	1,500,000 shs.	140,335 shs.

NOTES:

- (1) The Trust Deed securing the Secured Debentures of the Company does not impose any fixed limitation on the amount of Secured Debentures issuable thereunder but provides that additional Secured Debentures may be issued only subject to the restrictions therein contained. The Trust Deed also contains certain restrictions on the payment of dividends by the Company as summarized in paragraph 9 of the statutory information forming part of this prospectus.
- (2) The Class B shares may be issued only in payment of stock dividends on the Class C shares.
- (3) Each Class C share is convertible at any time into one common share.
- (4) Each Class C share and each common share carries one vote at all meetings of shareholders of the Company.

Summary of Class B, Class C and Common Share Provisions

Class B Shares

1. The Class B shares may be issued by the Company only as stock dividends on the Class C shares.
2. The holders of the Class B shares are entitled to non-cumulative cash dividends at the rate of 3% per annum on the amount paid up thereon as and when declared by the board of directors and, in the event of the liquidation, dissolution or winding-up of the Company, will receive the amount paid up thereon and all declared and unpaid dividends in priority to any distribution to the holders of the Class C shares and the common shares.
3. The Class B shares are redeemable at the option of the Company at any time at the amount paid up thereon together with all declared and unpaid dividends.
4. The Class B shares are non-voting.

Class C Shares and Common Shares

1. The holders of the Class C shares and the common shares are entitled to participate equally share for share in any dividends to be paid on such shares, provided that a stock dividend may be declared on the Class C shares payable in Class B shares in which event a cash dividend shall at the same time be declared on the common shares in an amount per share equal to the sum of:

- (a) the total par value of Class B shares to be issued as such stock dividend,
- (b) the total tax paid or payable under the Income Tax Act (Canada) to create the tax-paid undistributed income to be capitalized to pay up such Class B shares, and
- (c) the total amount of any cash dividend declared payable at the same time on the Class C shares, divided by the number of Class C shares then outstanding.

2. Class C shares may be converted at any time at the option of the holder into common shares on the basis of one common share for each Class C share so converted.

3. Save as aforesaid, the Class C shares and the common shares have and enjoy the same rights and attributes.

4. The Class C shares and the common shares shall not be subdivided, consolidated or reclassified unless each such class is subdivided, consolidated or reclassified in the same proportion and in the same manner.

5. Each Class C share and each common share carries one vote at all meetings of shareholders of the Company.

The foregoing summary is not complete and is qualified in its entirety by reference to the provisions attaching to the Class B shares, the Class C shares and the common shares which appear in the statutory information forming part of this prospectus. Reference is also made to the statutory information for the provisions attaching to the Class A preference shares.

Earnings

On October 29, 1965 the Company acquired all the issued and outstanding shares of The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc. (which three companies are herein sometimes referred to as the "Bauer Companies"), the facilities of which now constitute the ice skate and athletic footwear division of the Company. Given below are:

- (i) a Pro Forma Combined Statement of Income for the ten years ended October 30, 1965, for the Company and its subsidiaries (including the Bauer Companies throughout), together with the report thereon of the Company's auditors;
- (ii) a Consolidated Statement of Income for the ten years and ten months ended October 30, 1965, for the Company and its subsidiary companies (including the Bauer Companies for one day only), together with the report thereon of the Company's auditors; and
- (iii) a Combined Statement of Income for the ten years and eight months ended October 30, 1965, for the Bauer Companies, together with the report thereon of the former auditors of the Bauer Companies.

Greb Industries Limited
and Subsidiary Companies

(including the Bauer Companies throughout)

Pro Forma Combined Statement of Income

Ten years ended October 30, 1965

Year ended October 30	Income before depreciation, interest on long-term debt, salaries and taxes on income	Depreciation	Interest on long-term debt	Salaries (Note 2)	Taxes on income	Net income
1956.....	\$ 317,381	\$ 32,244	\$ 8,437	\$ 85,750	\$ 62,097	\$ 128,853
1957.....	301,358	49,738	8,422	114,536	56,950	71,712
1958.....	346,873	65,717	8,686	128,950	45,845	97,675
1959.....	316,887	117,548	15,104	154,001	29,876	358
1960.....	309,840	88,424	18,664	105,072	54,019	43,661
1961.....	555,988	124,811	18,020	24,925	142,631	245,601
1962.....	731,903	153,666	16,700	—	230,610	330,927
1963.....	1,196,387	164,138	22,224	—	492,926	517,099
1964.....	1,571,540	176,634	85,069	—	665,112	644,725
1965.....	1,586,677	208,415	81,268	—	598,964	698,030

NOTES:

1. The figures from the statements presented on pages 7 and 8 of this prospectus were pro-rated where necessary on a monthly basis and allocated so that the pro forma combined figures reflect income for 12 months ended on October 30 in each year.
2. Salaries represent amounts paid to the former owners of the Bauer Companies.

TO THE DIRECTORS,

GREB INDUSTRIES LIMITED:

The pro forma combined statement of income was prepared as set out in Note 1 from the consolidated statement of income of Greb Industries Limited and subsidiary companies and the combined statement of income of The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc.

The accounts of The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc. were examined by McCauley, Robertson, Bissell & Holman, Chartered Accountants, and have been included in this pro forma combined statement of income on the basis of their report.

In our opinion the accompanying pro forma combined statement of income presents fairly the information it purports to show for the ten years ended October 30, 1965, in accordance with generally accepted accounting principles applied, except as indicated in Note 3 on each of pages 7 and 8 of this prospectus, on a consistent basis throughout the period.

(signed) THORNE, MULHOLLAND, HOWSON & MCPHERSON

Kitchener, Ontario,
February 26, 1966.

Chartered Accountants

Greb Industries Limited
and Subsidiary Companies
(including the Bauer Companies for one day only)

Consolidated Statement of Income
Ten Years and Ten Months ended October 30, 1965

Year ended December 31	Income (loss) before depreciation, interest on long- term debt and taxes on income (Notes 1 & 2)	Depreciation (Note 3)	Interest on long-term debt	Taxes on income (Note 4)	Net income (loss)
1955.....	\$ (4,622)	\$ 11,702	\$ 8,437	\$ —	\$ (24,761)
1956.....	67,516	12,031	8,437	—	47,048
1957.....	16,267	17,587	8,419	—	(9,739)
1958.....	81,280	21,736	8,739	—	50,805
1959.....	32,258	76,117	16,378	—	(60,237)
10 Months ended October 30					
1960.....	30,314	26,403	15,934	—	(12,023)
Year ended October 30					
1961.....	222,562	80,218	18,020	7,010	117,314
1962.....	377,003	111,757	16,700	79,718	168,828
1963.....	705,805	123,157	22,224	275,077	285,347
1964.....	1,092,363	135,394	85,069	454,219	417,681
1965.....	1,139,124	171,011	81,268	407,135	479,710

NOTES:

- The above consolidated statement of income includes the results of the operations of all subsidiaries from the respective dates of their acquisition with the exception of Metro Marine Limited, a controlled company acquired May 1, 1958. The company's proportion of the accumulated net loss of Metro Marine Limited since acquisition amounted to \$2,362 as at December 31, 1965. The following are the respective dates of acquisition of the subsidiaries whose results are included above: Greb Shoes Limited, May 1, 1958; Tebbutt & Greb Shoes Limited, May 1, 1961; Greb Realty Limited, May 28, 1962; The Western Shoe Company Limited, October 29, 1965; The Canada Skate Manufacturing Company Limited, October 29, 1965; and Bauer Canadian Skate, Inc., October 29, 1965.
- The consolidated income figures shown above include the following amounts of income from investments: 1955 — \$4,690; 1956 — \$19,775; 1957 — \$8,632; 1958 — \$3,722. The 1956 figures include a profit on disposal of fixed assets of \$10,534 which is the only material profit or loss on disposal of fixed assets.
- The consolidated depreciation figures shown above are the amounts recorded on the books. For the fiscal years to and including 1962, depreciation was provided by the diminishing balance method using maximum rates permitted by the Income Tax Act. However for the ten months ended October 30, 1960 depreciation amounting to \$32,900 on buildings, machinery and equipment was not recorded and for the 1962 fiscal year \$64,500 of the \$106,600 depreciation available on dies, lasts and patterns was not recorded.
For the fiscal years subsequent to 1962 depreciation was provided on book values of fixed assets by the straight-line method. This has resulted in charges against income in excess of amounts calculated under the previous method (excluding incentive allowances) as follows: 1963 — \$36,000; 1964 — \$24,900; 1965 — \$13,600.
- Taxes on income were not payable during the period until 1961 and in that year were reduced by \$22,000 because of losses available for tax purposes. The accumulated amount of tax reduction resulting from capital cost allowances claimed for tax purposes in excess of depreciation on values admitted for tax purposes is \$145,000 made up as follows: 1962 — \$34,000; 1963 — \$19,000; 1964 — \$36,000; 1965 — \$56,000.
Provisions for taxes on income shown in the above statement have been adjusted where necessary to actual amounts paid or payable on the basis of assessment notices issued by the respective taxing authorities for the years for which such notices were received and are considered adequate for the years for which no assessment notices have been received.

TO THE DIRECTORS,
GREB INDUSTRIES LIMITED:

We have examined the Consolidated Statement of Income of Greb Industries Limited and subsidiary companies for the ten years and ten months ended October 30, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated statement of income presents fairly the results of the consolidated operations of the companies for the ten years and ten months ended October 30, 1965, in accordance with generally accepted accounting principles applied, except as indicated in Note 3, on a consistent basis throughout the period.

Kitchener, Ontario,
February 26, 1966.

(signed) THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants

**The Western Shoe Company Limited
The Canada Skate Manufacturing Company Limited
Bauer Canadian Skate, Inc.**

Combined Statement of Income

Ten Years and Eight Months ended October 30, 1965

Year ended February 28	Income before depreciation, owners' salaries and taxes on income	Depreciation	Owners' salaries	Taxes on income (Note 2)	Net income
1956.....	\$267,830	\$17,389	\$ 72,100	\$58,506	\$119,835
1957.....	258,916	21,708	92,575	63,893	80,740
1958.....	285,367	38,762	125,517	53,478	67,610
1959.....	271,959	47,627	130,667	42,029	51,636
1960.....	278,710	51,929	165,667	23,799	37,315
1961.....	271,870	48,038	74,775	69,129	79,928
13 Months ended March 31					
1962.....	394,555	46,444	————	182,938	165,173
Year ended March 31					
1963.....	348,253	41,221	————	138,053	168,979
1964 (Note 3)	592,246	40,811	————	274,846	276,589
1965.....	398,415	41,546	————	165,213	191,656
7 Months ended October 30					
1965.....	282,874	20,188	————	123,550	139,136

NOTES:

1. The operating accounts of Bauer Canadian Skate, Inc. have been converted into Canadian currency at the average rate of exchange for each year.
2. Provisions for taxes on income shown in the above statement have been adjusted where necessary to actual amounts paid or payable on the basis of assessment notices issued by the respective taxing authorities for the years for which such notices were received and are considered adequate for the years for which no assessment notices have been received.
3. In 1964 income before depreciation, owners' salaries and taxes on income was increased by approximately \$150,000 as a result of a change in method of valuing inventory from historic cost to current cost.

**TO THE DIRECTORS,
GREB INDUSTRIES LIMITED:**

We have examined the Combined Statement of Income of The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc. for the ten years and eight months ended October 30, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We did not attend physical stock taking prior to March 31, 1965, but through other tests and procedures for the verification of inventories, we have satisfied ourselves as to the reasonableness of the inventories.

In our opinion the accompanying Combined Statement of Income presents fairly the results of the combined operations of the companies for the ten years and eight months ended October 30, 1965, in accordance with generally accepted accounting principles applied, except as indicated in Note 3, on a consistent basis throughout the period.

(Signed) MCCAULEY ROBERTSON BISSELL AND HOLMAN

Kitchener, Ontario,
February 26, 1966.

Chartered Accountants

In interpreting the pro forma combined income for the year ended October 30, 1965 given above, it should be noted that the Bauer Companies were acquired on October 29, 1965 and that concurrent with such acquisition, and in connection with its financing, the Company incurred additional net capital indebtedness of about \$1,540,000 on a consolidated basis. This \$1,540,000 will be more than offset by the proceeds of the present issue of common shares together with funds earned by the Company since November 1, 1965. In addition the Company commenced to pay interest at 5% per annum on a \$200,000 current obligation of the Bauer Companies which is to be discharged out of earnings in due course.

Current Operations

Earnings in the first quarter of the current fiscal year are considerably in excess of unaudited earnings in the similar period of the previous fiscal year. It is expected that operations for the balance of the current fiscal year will continue to show a significant improvement over the year before.

Purpose of Issue

The net proceeds of the sale by the Company of the present issue of its common shares will be used by the Company to reduce its bank indebtedness, which indebtedness had been increased to provide funds for the acquisition of the shares of the Bauer Companies hereinbefore referred to.

Dividend Policy

The directors of the Company have expressed their intention, subject to the factors usually considered at the time of the declaration of dividends, to initiate dividend payments on the common shares of the Company on a quarterly basis at the rate of 45 cents per share per annum, with the first quarterly dividend to be paid June 15, 1966.

Yours very truly,

(signed) HARRY D. GREB
President.

Greb Industries Limited
and Subsidiary Companies

Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
October 30, 1965

After giving effect, as at October 30, 1965, in the pro forma consolidated balance sheet to the transactions and proposed transactions set out in Note 1 to the balance sheets.

Assets

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
CURRENT ASSETS:		
Accounts receivable, less allowance of \$45,291 for doubtful accounts.	\$3,660,707	\$3,660,707
Inventories (Note 2)	4,022,875	4,022,875
Prepaid expenses.	75,476	75,476
	<u>7,759,058</u>	<u>7,759,058</u>
LIFE INSURANCE, cash surrender value less policy loans of \$109,278	32,585	32,585
INVESTMENT IN AND ADVANCE TO SUBSIDIARY COMPANY (Note 3):		
Investment, at cost.	51,055	51,055
Advance	40,000	40,000
	<u>91,055</u>	<u>91,055</u>
FIXED ASSETS, net (Note 4)	1,756,533	1,756,533
GOODWILL, at cost.	85,000	85,000
TRADEMARKS, PATENTS AND LICENCES, at cost.	1,000	1,000
	<u>\$9,725,231</u>	<u>\$9,725,231</u>

Liabilities

CURRENT LIABILITIES:		
Bank advances, against which book debts and inventories have been pledged	\$3,102,313	\$1,660,813
Accounts and notes payable and accrued expenses.	1,451,047	1,451,047
Income taxes payable.	247,181	247,181
	<u>4,800,541</u>	<u>3,359,041</u>
LONG-TERM LIABILITIES (Note 5)	1,700,000	1,700,000
	<u>6,500,541</u>	<u>5,059,041</u>

Shareholders' Equity

CAPITAL STOCK (Note 6)	1,085,000	2,556,500
RETAINED EARNINGS	1,666,515	1,636,515
UNAMORTIZED EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER COST.	377,403	377,403
EXCESS OF BOOK VALUE OF SHARES OF SUBSIDIARY COMPANIES OVER COST AT DATE OF ACQUISITION.	95,772	95,772
	<u>3,224,690</u>	<u>4,666,190</u>
	<u>\$9,725,231</u>	<u>\$9,725,231</u>

The accompanying notes are an integral part of these balance sheets.

Approved on behalf of the Board:

(signed) HARRY D. GREB, Director,

(signed) ROSS E. HAHN, Director

Greb Industries Limited
and Subsidiary Companies

Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
October 30, 1965

1. The pro forma consolidated balance sheet is after giving effect, as at October 30, 1965, to the following transactions and proposed transactions:

- (a) The issue to the company of supplementary letters patent dated February 18, 1966
 - (i) redesignating the authorized preference shares as Class A preference shares and the 5,600 issued 5% Cumulative Redeemable Preference Shares, Series A as 5% Cumulative redeemable Class A preference shares, first series;
 - (ii) subdividing and reclassifying the 5,500 issued and unissued common shares without par value into 550,000 Class C participating shares without par value and 5,500 common shares without par value; and
 - (iii) increasing the authorized capital by the creation of
 - (1) 10,000,000 Class B non-cumulative non-voting redeemable shares with a par value of 20¢ each;
 - (2) 200,000 additional Class C participating shares without par value ranking on a parity with the Class C participating shares resulting from the above subdivision and reclassification; and
 - (3) 1,494,500 additional common shares without par value ranking on a parity with the common shares resulting from the above subdivision and reclassification.
- (b) The issue and sale by the company to Wood, Gundy & Company Limited of 135,000 common shares without par value pursuant to an agreement dated February 26, 1966 for \$1,471,500 cash, the payment of expenses of the issue estimated at \$30,000 and the charge to retained earnings of the said expenses.
- (c) The application of the cash proceeds of the sale of the 135,000 common shares without par value to the reduction of bank advances.

2. INVENTORIES:

Raw materials, at the lower of cost or replacement cost	\$1,378,224
Goods in process, at estimated cost	374,446
Finished goods, at estimated cost	2,270,205
	<u>\$4,022,875</u>

3. SUBSIDIARY COMPANIES AND BASIS OF CONSOLIDATION:

On October 29, 1965, Greb Industries Limited purchased all the issued and outstanding shares of The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc. for \$1,192,500 cash and 335 common shares (as then constituted) of Greb Industries Limited.

The subsidiary companies consolidated in this financial statement are Greb Shoes Limited, Greb Realty Limited, Tebbutt & Greb Shoes Limited, The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc.

As in prior years, the accounts of Metro Marine Limited, a controlled company, are not consolidated because its operations are dissimilar. The company's proportion of the net assets of Metro Marine Limited as at December 31, 1965 amounted to \$48,615 and the company's proportion of its income for the year ended December 31, 1965 amounted to \$1,669 and the accumulated net loss since acquisition amounted to \$2,362 at that date.

4. FIXED ASSETS:

Fixed assets of Greb Industries Limited and Greb Realty Limited are valued at depreciated replacement values as determined by the Dominion Appraisal Co. Limited as at April 20, 1963, with subsequent additions at cost. Fixed assets of other subsidiary companies are valued at cost.

Analysis of fixed assets:

Land	\$ 130,180
Buildings	972,377
Machinery and equipment	1,353,682
Dies, lasts and patterns	293,749
	<u>2,749,988</u>
LESS: Accumulated depreciation	993,455
	<u>\$1,756,533</u>

Depreciation is provided on book values of fixed assets by the straight line method at the following rates:

Buildings	2½%
Machinery and equipment	10%
Dies, lasts and patterns	25%

For tax purposes, maximum capital cost allowance is claimed as permitted by the Income Tax Act, and as a result the net book value of depreciable fixed assets exceeds the amount deductible in future years for tax purposes by \$745,400. Of this amount, approximately \$356,000 is the unamortized excess of appraised value over cost and approximately \$100,000 is the result of having claimed incentive allowances over and above normal capital cost allowances.

5. LONG-TERM LIABILITIES:

6¾% Secured Sinking Fund Debentures, Series A, maturing November 15, 1981, issued October 15, 1963.....	\$1,000,000
7% Secured Sinking Fund Debentures, Series B, maturing November 15, 1981, issued October 29, 1965.....	700,000
	<u>\$1,700,000</u>

Under provisions of the debenture trust deed and the supplemental debenture trust deed, the company is obligated to set aside amounts sufficient to retire, out of sinking fund moneys, \$62,000 principal amount of Series A Debentures and \$42,000 principal amount of Series B Debentures on November 15 in each of the years 1966 to 1980 inclusive.

Under provisions of the debenture trust deeds, the company may redeem the whole or any part of the debentures outstanding on or after November 15, 1968 and up to November 15, 1981, at amounts varying from 110.50% to 100.00% of the principal amount redeemed.

The debenture trust deeds contain certain restrictions relating to the payment of dividends.

6. CAPITAL STOCK:

On October 8, 1965 the 213 then issued 8% cumulative Class A shares with a par value of \$100 each were purchased for cancellation at par and 1,813 5% non-cumulative Class B shares with a par value of \$100 each were issued for \$181,300 cash.

By supplementary letters patent dated October 26, 1965 the authorized capital of Greb Industries Limited was changed from 37 Class A shares, 9,905 Class B shares and 5,000 common shares to that shown below under the heading "Consolidated Balance Sheet". By such supplementary letters patent the then outstanding 5,600 Class B shares were designated as 5% Cumulative Redeemable Preference Shares, Series A.

On October 29, 1965, 335 common shares, valued at \$500,000, were issued as indicated in Note 3.

Consolidated Balance Sheet

Authorized:

31,200 preference shares with a par value of \$100 each, issuable in series
5,500 common shares without par value

Issued:

5,600 5% Cumulative Redeemable Preference Shares, Series A.....	\$ 560,000
5,335 common shares.....	525,000
	<u>\$1,085,000</u>

Pro Fornia Consolidated Balance Sheet

As indicated in Note 1, the capital of the company was altered subsequent to October 30, 1965 to that shown below:

Authorized:

31,200 Class A preference shares with a par value of \$100 each,
issuable in series
10,000,000 Class B non-cumulative non-voting redeemable shares
with a par value of 20¢ each
750,000 Class C participating shares without par value
1,500,000 common shares without par value

Issued:

5,600 5% Cumulative redeemable Class A preference shares, first series.....	\$ 560,000
533,500 Class C participating shares }	1,996,500
140,335 common shares }	<u>\$2,556,500</u>

7. The following commitments are not included as liabilities in the consolidated balance sheets:

- Past service pension costs of approximately \$275,000, to be amortized over a period of 15 years, arising from the extension of the company's pension plan to the employees of the Bauer Companies; and
- A commitment to purchase certain lands and premises in the Township of Waterloo for \$107,500.

Greb Industries Limited
and Subsidiary Companies

Consolidated Statement of Retained Earnings

Year ended October 30, 1965

RETAINED EARNINGS AT BEGINNING OF YEAR.....	\$1,179,522
Net income for year	479,710
Amortization for year of appraisal increase	52,922
	<u>1,712,154</u>
Dividends paid.....	45,639
RETAINED EARNINGS AT END OF YEAR.....	<u>\$1,666,515</u>

Auditors' Report

TO THE DIRECTORS,
GREB INDUSTRIES LIMITED:

We have examined the consolidated balance sheet of Greb Industries Limited and subsidiary companies as at October 30, 1965 and the consolidated statement of retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet, supplemented by the notes thereto, and the related consolidated statement of retained earnings present fairly the consolidated financial position of Greb Industries Limited and subsidiary companies as at October 30, 1965, in accordance with generally accepted accounting principles applied on a consistent basis.

We further report that, in our opinion, the accompanying pro forma consolidated balance sheet, supplemented by the notes thereto, presents fairly the consolidated financial position of the companies as at October 30, 1965, after giving effect as at that date to the transactions set out in Note 1 to the balance sheets, in accordance with generally accepted accounting principles.

Kitchener, Ontario,
February 26, 1966.

(signed) THORNE, MULHOLLAND, HOWSON & McPHERSON

Chartered Accountants

Statutory Information

1. The full name of the Company is Greb Industries Limited (hereinafter called the "Company"). The address of the head office of the Company is 1 Adam Street, Kitchener, Ontario, Canada.
2. The Company was incorporated under the laws of the Province of Ontario by letters patent dated October 27, 1930 under the name of Greb Shoe Company, Limited. Supplementary letters patent were granted to the Company dated December 29, 1950 (increasing the authorized capital), April 15, 1958 (changing the name of the Company to Greb Industries Kitchener Limited and extending its objects), December 8, 1959 (changing the name of the Company to Greb Industries Limited) and October 26, 1965 (changing and increasing the authorized capital). Further supplementary letters patent were granted to the Company on February 18, 1966 redesignating the authorized preference shares as Class A preference shares and the 5,600 issued 5% Cumulative Redeemable Preference Shares, Series A as 5% Cumulative redeemable Class A preference shares, first series; subdividing and reclassifying the 5,500 issued and unissued common shares without par value into 550,000 Class C participating shares without par value and 5,500 common shares without par value; and increasing the authorized capital by the creation of 10,000,000 Class B non-cumulative non-voting redeemable shares with a par value of 20¢ each, 200,000 additional Class C participating shares without par value ranking on a parity with the Class C participating shares resulting from the above subdivision and reclassification, and 1,494,500 additional common shares without par value ranking on a parity with the common shares resulting from the above subdivision and reclassification.
3. The general nature of the business actually transacted or to be transacted by the Company, directly or through subsidiaries, is the manufacture and sale of boots and shoes, ice and roller skates, skate outfits and accessories, sports equipment, hats, handbags and miscellaneous related products. One of the Company's subsidiaries, Greb Realty Limited, was incorporated with power to own or lease and operate lands and buildings for office and factory premises. All such lands and premises presently held are so held for present and future occupation by the Company and its other subsidiaries.
4. The names in full, the present occupations and home addresses in full of the officers and directors of the Company are as follows:

Officers

HARRY DOUGLAS GREB	President	200 Pandora Crescent, Kitchener, Ontario
JOHN DANIEL CAMPBELL	Vice-President, Marketing	236 Stanley Drive, Waterloo, Ontario
ROSS EDWARD HAHN	Vice-President, Manufacturing	118 Greenbrook Drive, Kitchener, Ontario
CHARLES ERWIN GREB	Director of Sales	108 Greenbrook Drive, Kitchener, Ontario
ARTHUR CHARLES GREB	Secretary	234 Cameron Street N., Kitchener, Ontario
ARNOLD CHARLES AUSTEN, C.A.	Comptroller	63 Crosby Drive, Kitchener, Ontario
GEORGE ARTHUR KLUGMAN	Treasurer	126 Lyndhurst Drive, Kitchener, Ontario

Directors

CLARA MINNA GREB	Widow	43 Margaret Avenue, Kitchener, Ontario
HARRY DOUGLAS GREB	Executive	200 Pandora Crescent, Kitchener, Ontario
ARTHUR CHARLES GREB	Executive	234 Cameron Street N., Kitchener, Ontario
CHARLES ERWIN GREB	Executive	108 Greenbrook Drive, Kitchener, Ontario
ARNOLD CHARLES AUSTEN, C.A.	Executive	63 Crosby Drive, Kitchener, Ontario
JOHN DANIEL CAMPBELL	Executive	236 Stanley Drive, Waterloo, Ontario
ROSS EDWARD HAHN	Executive	118 Greenbrook Road, Kitchener, Ontario
JOHN BERNARD HAWSON	Executive	772 Dunbar Road, Kitchener, Ontario
DAVID CHRISTOPHER HALL STANLEY	Investment Dealer	139 Alexandra Blvd., Toronto, Ontario

5. The auditors of the Company are Messrs. Thorne, Mulholland, Howson & McPherson, Chartered Accountants, 305 King Street West, Kitchener, Ontario.

6. The transfer agent and registrar for the common shares without par value of the Company is Canada Permanent Trust Company at its principal transfer offices in the Cities of Toronto, Montreal, Winnipeg and Vancouver.

The 5% Cumulative redeemable Class A preference shares, first series, with a par value of \$100 each, the Class B non-cumulative non-voting redeemable shares with a par value of 20¢ each and the Class C participating shares without par value are transferable at the head office of the Company, 1 Adam Street, Kitchener, Ontario.

7. The authorized capital of the Company consists of 31,200 Class A preference shares with a par value of \$100 each, issuable in series, of which the first series of 5,600 shares designated as 5% Cumulative redeemable Class A preference shares, first series have been authorized, 10,000,000 Class B non-cumulative non-voting redeemable shares with a par value of 20¢ each, 750,000 Class C participating shares without par value and 1,500,000 common shares without par value. At the date hereof 5,600 5% Cumulative redeemable Class A preference shares, first series, 533,500 Class C participating shares without par value and 5,335 common shares without par value, exclusive of the shares offered by this prospectus, are issued and outstanding as fully paid and non-assessable.

8. (a) Class A preference shares:

The Class A preference shares with a par value of \$100 each, as a class, have attached thereto the following preferences, rights, conditions, restrictions, limitations and prohibitions:

- (1) The directors of the Company may at any time or from time to time issue the Class A preference shares in one (1) or more series, each series to consist of such number of shares, having such designation, such rate or rates of preferential dividends with such dates of payment thereof, being redeemable at such time or times with or without payment of a premium and on such other terms and conditions, having such sinking or other retirement fund (if any), being subject to such purchase provisions by the Company, having such conversion rights, (if any), and, without being limited by the foregoing, having such preferences, rights, conditions, restrictions, limitations or prohibitions attaching thereto as shall be determined by a resolution of the directors passed prior to the issue thereof, the whole subject to the following provisions and to the issue of Supplementary Letters Patent setting forth the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the shares of any such series;
- (2) The Class A preference shares of each series shall be entitled to a preference over the common shares and any other shares of the Company ranking junior to the Class A preference shares with respect to the payment of dividends and the distribution of assets in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs; such dividends shall be payable half-yearly or quarterly as applicable to each series respectively when and as declared by the board of directors; the Class A preference shares may also be given such other preferences over the common shares or any other shares of the Company ranking junior to the Class A preference shares as may be determined with respect to each series;
- (3) The Class A preference shares of each series shall rank on a parity with the Class A preference shares of every other series with respect to priority in payment of dividends and the distribution of assets in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs; no series of Class A preference shares shall be authorized which shall have a dividend rate in excess of eight per cent (8%) per annum on the amounts from time to time paid up thereon or be entitled to receive upon liquidation, dissolution or redemption a sum in excess of one hundred and ten per cent (110%) of the amounts paid up thereon plus a sum equivalent to all unpaid dividends accumulated thereon;
- (4) The holders of Class A preference shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to have mailed to them copies of the financial statements and the auditor's report thereon submitted to the annual meeting of shareholders) unless the Company shall fail for a period of or periods aggregating two (2) years to pay the dividend on the Class A preference shares of any one (1) series on the dates on which the same should be paid according to the terms thereof whether or not consecutive and whether or not such dividends have been declared and whether or not there are moneys of the Company properly applicable to the payment of dividends; thereafter, in the event of each such failure or default, so long as any dividends on Class A preference shares of any series remain in arrears, the holders of the Class A preference shares of all series shall be entitled to receive notice of all meetings of the shareholders of the Com-

pany and to attend thereat and shall be entitled to one (1) vote in respect of each Class A preference share held; notwithstanding the foregoing provisions of this clause, the holders of Class A preference shares shall be entitled to notice of meetings of shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof; holders of Class C participating shares and of common shares shall be entitled to one (1) vote for each Class C participating share and common share held by them at all meetings of shareholders of the Company; nothing herein contained shall be deemed to limit the right of the Company to issue additional voting shares ranking junior to the Class A preference shares or to subdivide voting shares ranking junior to the Class A preference shares;

- (5) The authorization required by subsection 4 of section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A preference shares as a class or to create preference shares ranking in priority to or on a parity with the Class A preference shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Class A preference shares duly called for that purpose; and
- (6) In the provisions herein contained attaching to the Class A preference shares as a class, "in priority to", "on a parity with" and "junior to" have reference to the order of priority in payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

(b) 5% Cumulative redeemable Class A preference shares, first series:

The 5% Cumulative redeemable Class A preference shares, first series, in addition to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A preference shares as a class, have attached thereto the following:

- (1) (i) The holders of the 5% Cumulative redeemable Class A preference shares, first series shall be entitled to fixed cumulative preferential cash dividends, when and as declared by the board of directors, out of moneys properly applicable to the payment of dividends, at the rate of five per cent (5%) per annum and no more on the par value thereof, to accrue from the thirty-first day of October, 1965, and to be payable in equal amounts half-yearly in respect of each successive twelve (12) month period thereafter on the last days of April and October, (the first of such half-yearly amounts to be paid on the thirtieth day of April, 1966,) by cheque at par in lawful money of Canada at any branch in Canada (far northern branches excepted) of the Company's bankers;
- (ii) If on any dividend payment date the dividend payable on such date is not paid in full on all the 5% Cumulative redeemable Class A preference shares, first series then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the 5% Cumulative redeemable Class A preference shares, first series shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for; and
- (iii) So long as any dividends on the 5% Cumulative redeemable Class A preference shares, first series shall be in arrears the Company shall not:
- (a) declare, pay or set apart for payment any dividend on any shares of the Company ranking junior to the 5% Cumulative redeemable Class A preference shares, first series; or
- (b) purchase, redeem or retire any shares of the Company or effect any decrease of issued capital, or for any of such purposes set apart any of its funds or property for any sinking, purchase, market maintenance, retirement or other similar fund;
- (2) (i) The holders of the 5% Cumulative redeemable Class A preference shares, first series shall be entitled on the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among shareholders for the purpose of winding up its affairs to payment of the amount paid up thereon, together with an amount equal to all accrued and unpaid dividends to the date of such distribution, in the case of any such liquidation, dissolution, winding up or other distribution which is involuntary, and to payment of an amount equal to the redemption price (hereinafter provided for) current at the date of such liquidation, dissolution, winding up or other distribution, if the same is voluntary, in all cases before any distribution of assets shall be made to the holders of any shares of the Company ranking junior to the 5% Cumulative redeemable Class A preference shares, first series; and
- (ii) After payment to the holders of the 5% Cumulative redeemable Class A preference shares, first series as aforesaid, such holders shall not have the right to any further participation in the assets of the Company;
- (3) (i) Subject to the provisions of paragraph (b) of subclause (iii) of clause (1), upon giving notice as hereinafter provided, the Company may redeem at any time all the outstanding 5% Cumulative

redeemable Class A preference shares, first series or from time to time any part thereof, on payment for each such share to be redeemed of the amount paid up thereon together with all unpaid cumulative dividends, whether or not earned or declared, which shall have accrued thereon and which, for such purpose, shall be treated as accruing up to the date of such redemption; the whole constituting the redemption price;

(ii) In case of any redemption of 5% Cumulative redeemable Class A preference shares, first series under the provisions of sub-clause (i) of clause (3) hereof, the Company shall give at least thirty (30) days' prior notice in writing to each person, who at the date of giving such notice is the holder of 5% Cumulative redeemable Class A preference shares, first series to be redeemed, of the intention of the Company to redeem such shares; such notice shall be given by posting the same in a postage paid letter addressed to each holder of 5% Cumulative redeemable Class A preference shares, first series to be redeemed at the last address of such holder as it appears on the books of the Company or, in the event of the address of any holder not so appearing, then to the address of such holder last known to the Company; provided that the accidental failure or omission to give any such notice as aforesaid to one (1) or more of such holders shall not affect the validity of the redemption; such notice shall set out the redemption price and the date on which the redemption is to take place and, unless all the 5% Cumulative redeemable Class A preference shares, first series held by the holder to whom it is addressed are to be redeemed, shall also set out the number of such shares so held which are to be redeemed, and on and after the date so specified for redemption the Company shall pay or cause to be paid to the holders of such 5% Cumulative redeemable Class A preference shares, first series to be redeemed the redemption price on presentation and surrender at the head office of the Company, or at any other place or places within Canada designated by such notice, of the certificate or certificates for such 5% Cumulative redeemable Class A preference shares, first series so called for redemption; such payment shall be made by cheque payable at par at any branch in Canada (far northern branches excepted) of the Company's bankers; if a part only of the 5% Cumulative redeemable Class A preference shares, first series represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified in any such notice, the 5% Cumulative redeemable Class A preference shares, first series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be duly made by the Company; at any time after notice of redemption is given as aforesaid, the Company shall have the right to deposit the redemption price of any or all 5% Cumulative redeemable Class A preference shares, first series called for redemption with any chartered bank or banks or with any trust company or trust companies in Canada named for such purpose in the notice of redemption (each of which shall have a paid-up capital of not less than One Million dollars (\$1,000,000)) to the credit of a special account or accounts in trust for the respective holders of such shares, to be paid to them respectively upon surrender to such bank or banks or trust company or trust companies of the certificate or certificates representing the same, and, upon such deposit or deposits being made, such shares shall be redeemed and the rights of the holders of such shares shall be limited to receiving the proportion of the amounts so deposited applicable to their respective shares without interest; any interest allowed on such deposit or deposits shall belong to the Company; and

(iii) Subject to the provisions of paragraph (b) of sub-clause (iii) of clause (1) hereof, the Company may, in addition to its right to redeem 5% Cumulative redeemable Class A preference shares, first series as provided above, at any time or times purchase (if obtainable) for cancellation the whole or any part of the 5% Cumulative redeemable Class A preference shares, first series outstanding from time to time, in the open market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the 5% Cumulative redeemable Class A preference shares, first series outstanding, at the lowest price or prices at which in the opinion of the directors such shares are obtainable but not exceeding the price at which, at date of purchase, such shares are redeemable as provided in sub-clause (i) of clause (3) hereof plus costs of purchase; in the event that, upon any request for tenders made by the Company as herein provided, the Company shall receive two (2) or more tenders for 5% Cumulative redeemable Class A preference shares, first series at the same price and which shares, when added to any shares tendered at a lower price or prices, aggregate more than the amount for which the Company is prepared to accept tenders, if any of the 5% Cumulative redeemable Class A preference shares, first series so tendered at the same price are purchased by the Company, they shall be purchased from such holders tendering at the same price pro rata, disregarding fractions;

- (4) (i) So long as any of the 5% Cumulative redeemable Class A preference shares, first series are outstanding the Company shall not issue any shares ranking on a parity with the 5% Cumulative redeemable Class A preference shares, first series unless:

(a) Consolidated Net Earnings, for any twelve (12) consecutive calendar months selected by the Company of the eighteen (18) calendar months next preceding the date of issue of such additional shares, shall have been at least two (2) times maximum annual dividend requirements of all 5% Cumulative redeemable Class A preference shares, first series and other shares of the Company (if any) ranking in priority thereto or on a parity therewith and any preference shares of a subsidiary not held by the Company or by another subsidiary which will be outstanding after the issue of the shares proposed to be issued to rank on a parity with the 5% Cumulative redeemable Class A preference shares, first series, and

(b) Consolidated Net Tangible Assets after allowing for receipt of net proceeds of such issue of shares shall be at least two (2) times the par value of all 5% Cumulative redeemable Class A preference shares, first series and other shares of the Company (if any) ranking in priority thereto or on a parity therewith and any preference shares of a subsidiary not held by the Company or by another subsidiary which will be outstanding after the issue of the shares proposed to be issued to rank on a parity with the 5% Cumulative redeemable Class A preference shares, first series,

provided that any of such shares which have been duly called for redemption and for the redemption whereof adequate provision has been made assuring that they will be redeemed within forty-five (45) days after the issue of such shares ranking on a parity with the 5% Cumulative redeemable Class A preference shares, first series shall not be considered to be outstanding for the purpose of this sub-clause (i); and

(ii) Nothing in sub-clause (iii) of clause (1) or sub-clause (i) of clause (4) hereof shall apply to, hinder or prevent any of the actions referred to in such clauses if the same shall have been authorized by the holders of the 5% Cumulative redeemable Class A preference shares, first series in the manner hereinafter specified or if all the outstanding 5% Cumulative redeemable Class A preference shares, first series have been duly called for redemption and adequate provision has been made assuring that they will be redeemed on or before the date specified for redemption;

(5) The voting rights carried by the 5% Cumulative redeemable Class A preference shares, first series are as conferred upon the Class A preference shares as a class of which class the 5% Cumulative redeemable Class A preference shares, first series form a part;

(6) In these provisions relating to the 5% Cumulative redeemable Class A preference shares, first series, the following terms shall have the following respective meanings:

(i) "Subsidiary" means any company or corporation fifty-one per cent (51%) or more of the outstanding voting stock or shares of which shall at the time in question be owned directly or indirectly by or held for the Company; "voting stock or shares" as used in this definition means stock or shares of any class carrying voting rights at all times and shall not include stock or shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not such contingency shall have happened;

(ii) "Consolidated Net Earnings" of the Company and its subsidiaries for any fiscal year means the net income of the Company and its subsidiaries for such fiscal year computed on a consolidated basis in accordance with good accounting practice and remaining after deducting or making provision from such income for:

- (a) all expenses of operation and administration;
- (b) adequate depreciation as determined by the directors and approved by the Company's auditors;
- (c) taxes in respect of income;
- (d) earnings due to minority interests (if any); and
- (e) interest paid or accrued in such fiscal year including, without limitation, interest on consolidated funded debt and payments on rental agreements and purchase lease agreements paid or accrued in such fiscal year; and

(iii) "Consolidated Net Tangible Assets" of the Company and its subsidiaries means the total consolidated assets of the Company and each of its subsidiary companies less the following:

- 1. any amount included in any balance sheet, for goodwill or other assets of an intangible nature;
- 2. all liabilities as shown by such balance sheets other than the following:
 - (a) liability in respect of issued shares and surplus of the Company, and
 - (b) liability for deferred income taxes, if any;

3. to the extent that the same is not shown as a liability in any balance sheet or has not been deducted in such balance sheet in determining the total assets aforesaid, the reserve for bad debts as shown by the books of the Company and each of its subsidiary companies; and
 4. to the extent that the same is not shown as a liability in any balance sheet or has not been deducted in such balance sheet in determining the total assets of the Company and each of its subsidiary companies, an amount in respect of depreciation of the buildings, plant, machinery, equipment, chattels and other depreciable assets of the Company and each of its subsidiary companies, determined to be adequate by the Company's auditors;
- (7) Any determination of Consolidated Net Tangible Assets or Consolidated Net Earnings having been made and reported upon by the Company's auditors, the amount thereof at the date of the action requiring determination thereof shall be conclusively deemed to be not less than the stated amount thereof in the latest determination thereof so made prior to such date and such latest determination shall be conclusive and binding for all purposes of the provisions relating to the 5% Cumulative redeemable Class A preference shares, first series; and
- (8) (i) Any authorization to be given by the holders of 5% Cumulative redeemable Class A preference shares, first series hereunder (in addition to or as distinct from any vote or authorization required by The Corporations Act) shall be deemed to have been sufficiently given if it shall have been given by a resolution passed at a general meeting of the holders of the 5% Cumulative redeemable Class A preference shares, first series duly called and held upon not less than ten (10) days' notice at which the holders of at least a majority of the outstanding 5% Cumulative redeemable Class A preference shares, first series are present or represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting; if at any such meeting the holders of a majority of the outstanding 5% Cumulative redeemable Class A preference shares, first series are not present or represented by proxy within one-half (1/2) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than ten (10) days thereafter and to such time and place as may be designated by the chairman and not less than seven (7) days' written notice shall be given of such adjourned meeting; at such adjourned meeting the holders of 5% Cumulative redeemable Class A preference shares, first series present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the authorization of the holders of the 5% Cumulative redeemable Class A preference shares, first series as referred to above; on any poll taken at any such meeting or adjourned meeting, every holder of 5% Cumulative redeemable Class A preference shares, first series shall be entitled to one (1) vote in respect of each 5% Cumulative redeemable Class A preference share, first series held; subject to the foregoing, the formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders; and
- (ii) The authorization required by subsection 4 of section 33 of The Corporations Act may be given by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the 5% Cumulative redeemable Class A preference shares, first series duly called for that purpose.
- (c) Class B non-cumulative, non-voting redeemable shares:

Subject to the preferences attaching to the Class A preference shares as a class and to each series of Class A preference shares, the Class B non-cumulative non-voting redeemable shares (hereinafter called the "Class B shares") have attached thereto the following:

- (1) The holders of the Class B shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors of the Company out of the moneys of the Company properly applicable to the payment of dividends non-cumulative cash dividends at the rate of three per cent (3%) per annum on the amounts from time to time paid up thereon; the board of directors shall be entitled from time to time to declare part of the said non-cumulative cash dividend for any fiscal year notwithstanding that such dividend for such fiscal year shall not be declared in full; if in any fiscal year of the Company the board of directors in its discretion shall not declare the said dividend or any part thereof on the Class B shares for such fiscal year, then the rights of the holders of the Class B shares to such dividend or to any undeclared part thereof for such fiscal year shall be forever extinguished; the holders of the Class B shares shall not be entitled to any dividends other than or in excess of the non-cumulative cash dividends hereinbefore provided for; dividends may be paid on the Class C participating shares and on the common shares or on any other class of shares of the Company notwithstanding non-payment of dividends on the Class B shares;
- (2) In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the Class B shares shall be entitled to receive from the assets and property of the Company a sum

equivalent to the amount paid up on the Class B shares held by them respectively together with all declared and unpaid non-cumulative cash dividends thereon before any amount shall be paid or any property or assets of the Company distributed to the holders of Class C participating shares or common shares or shares of any class ranking junior to the Class B shares; after payment to the holders of the Class B shares of the amounts so payable to them as above provided they shall not be entitled to share in any further distribution of the property or assets of the Company;

- (3) The Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Class B shares outstanding from time to time either by private contract or by invitation for tenders addressed to all the holders of record of the Class B shares outstanding at the lowest price or prices at which, in the opinion of the directors, such shares are obtainable but not exceeding the amount paid up thereon plus costs of purchase and all declared and unpaid non-cumulative cash dividends thereon; if upon any invitation for tenders under the provisions of this clause (3) the Company shall receive tenders of Class B shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the Class B shares so tendered which the Company determines to purchase at such price shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Class B shares so tendered by each of the holders of Class B shares who submitted tenders at the said same lowest price;
- (4) The Company may redeem at any time the whole or from time to time any part of the then outstanding Class B shares on payment for each share to be redeemed of the amount paid up thereon together with all declared and unpaid non-cumulative cash dividends thereon;
- (5) Whenever Class B shares are at any time and from time to time allotted and issued by the Company by way of stock dividend as fully-paid shares, the directors may, by resolution passed at the time of the declaration of such stock dividend, provide that the Class B shares so issued shall be redeemed at the amount paid up thereon together with all declared and unpaid non-cumulative cash dividends thereon, contemporaneously with or forthwith after the issue thereof by way of such stock dividend, and the shares so allotted and issued shall be effectively redeemed upon the Company or its dividend disbursing agent mailing in a prepaid letter to the shareholder or shareholders entitled to the redemption moneys, addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder, its cheque or warrant in the amount to which such shareholder is entitled; notwithstanding the foregoing, the Company or its transfer agent or agents shall cause proper and appropriate ledger and/or journal entries to be made in the accounts and/or share registers maintained by the Company in order to reflect the allotment and issue of such Class B shares by way of stock dividend and the subsequent redemption thereof as hereinbefore provided; in the event that any cheque or warrant representing the redemption moneys in respect of Class B shares redeemed, pursuant to this clause (5), is returned by the postal authorities to the Company or its dividend disbursing agent because of inability to locate the shareholder to whom the same was sent, the Company or its dividend disbursing agent may deposit such redemption moneys in a special account in any chartered bank or trust company in Canada, as specified in the notice, to be paid without interest to or to the order of the shareholder entitled thereto upon such shareholder furnishing to the Company satisfactory proof that he is so entitled;
- (6) In any other case of redemption of Class B shares under the provisions of clause (4) hereof the Company shall at least three (3) days before the date specified for redemption mail to each person who at the date of mailing is or is entitled to become a registered holder of Class B shares to be redeemed a notice in writing of the intention of the Company to redeem such Class B shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure to give any such notice to one (1) or more of such shareholders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Class B shares to be redeemed the redemption price thereof on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates representing the Class B shares called for redemption; such Class B shares shall thereupon be redeemed; if a part only of the Class B shares represented by any certificate be redeemed a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified in any such notice the Class B shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price

shall not be made upon presentation of certificates in accordance with the foregoing provisions in which case the rights of the shareholders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Class B shares as aforesaid to deposit the redemption price of the shares so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Class B shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class B shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively;

- (7) The holders of the Class B shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company and shall not be entitled to vote at any such meeting; the holders of the Class B shares shall, however, be entitled to notice of meetings of the shareholders called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof;
- (8) The authorization required by subsection 4 of section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class B shares or to create preference shares ranking in priority to or on a parity with the Class B shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of Class B shares duly called for that purpose; and
- (9) No Class B shares shall be allotted or issued except in payment of dividends on the Class C participating shares.
 - (d) Class C participating shares and common shares:

Subject to the preferences attaching to the Class A preference shares as a class and to each series of such Class A preference shares and to the Class B non-cumulative non-voting redeemable shares, the Class C participating shares (hereinafter called the "Class C shares") and the common shares have attached thereto the following:

- (1) The holders of the Class C shares and the holders of common shares shall be entitled to participate equally share for share in any dividends which the directors may determine to distribute in any fiscal year of the Company on such shares and no dividend shall at any time be declared payable on the Class C shares or the common shares unless at the same time a dividend in the same amount per share is declared payable on the common shares or the Class C shares, as the case may be, except that if and whenever the directors shall declare a dividend on the Class C shares payable in whole or in part in Class B non-cumulative non-voting redeemable shares (hereinafter called "Class B shares") of the Company the directors shall at the same time declare a cash dividend on the common shares of the Company in an amount per share equal to the sum of
 - (i) the total par value of the Class B shares to be issued by way of the stock dividend so declared on the Class C shares plus
 - (ii) the amount of the tax paid or payable by the Company or any other corporation under the Income Tax Act, Canada (as now enacted or as the same may from time to time be amended or re-enacted) to create the tax paid undistributed income to be capitalized to pay up the Class B shares to be issued by way of such stock dividend (being the Class B shares described in subparagraph (i) hereof) plus
 - (iii) the total amount of the cash dividend, if any, declared payable at the same time on all the Class C shares,divided by the number of Class C shares then outstanding; the directors may at any time and from time to time declare dividends on the Class C shares payable in Class B shares without declaring dividends on the common shares payable in Class B shares; the date of payment of all dividends declared at the same time on the Class C shares and the common shares, whether in cash and/or by way of a stock dividend, shall be the same and such dividends shall be payable to shareholders of record as of such date prior to the said date of payment as the directors of the Company may determine;
- (2) Any holder of fully-paid Class C shares shall be entitled at his option at any time (subject as herein-after provided) to have all or any of the fully-paid Class C shares held by him converted into fully-paid common shares as the same shall be constituted at the time of conversion upon the basis of one (1) common share for each one (1) Class C share in respect of which the conversion right is exercised;

The conversion right herein provided for may be exercised by notice in writing given to a transfer agent for the common shares of the Company or, if no such transfer agent has been appointed, to the Company accompanied by the certificate or certificates representing Class C shares in respect of which the holder thereof desires to exercise such right of conversion and such notice shall be signed by the person registered on the books of the Company as the holder of the Class C shares in respect of which such right is being exercised or by his duly authorized attorney and shall specify the number of Class C shares which the holder desires to have converted; upon receipt of such notice the Company shall issue certificates representing common shares upon the basis above prescribed and in accordance with the provisions hereof to the registered holder of the Class C shares represented by the certificate or certificates accompanying such notice; if less than all the Class C shares represented by any certificate are to be converted the holder shall be entitled to receive a new certificate for the Class C shares representing the shares comprised in the original certificate which are not to be converted;

All shares resulting from any conversion of Class C shares into common shares as aforesaid shall be deemed to be fully-paid and non-assessable;

- (3) Neither the number of the outstanding Class C shares nor the number of the outstanding common shares shall be increased or decreased by reason of being subdivided, consolidated or reclassified unless contemporaneously therewith the number of shares of the other class of shares shall be subdivided, consolidated or reclassified in the same proportion and in the same manner; nothing herein contained shall prevent the Company from increasing from time to time the authorized number of Class C shares or common shares or issuing additional Class C shares or common shares;
- (4) The authorization required by subsection 4 of section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class C shares or to create preference shares ranking in priority to or on a parity with the Class C shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of Class C shares duly called for that purpose;
- (5) The holders of Class C shares and the holders of common shares shall not as such be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or of bonds, debentures or other securities of the Company now or hereafter authorized provided that the Company shall not grant to the holders of Class C shares or to the holders of common shares any right to subscribe for or purchase or receive any part of any issue of shares or of bonds, debentures or other securities of the Company without at the same time granting to the holders of shares of the other class the same right per share to subscribe for or purchase or receive shares or bonds, debentures or other securities of the Company; and
- (6) Save as aforesaid, each Class C share and each common share shall have the same rights and attributes and be the same in all respects and shall entitle the holder thereof to one (1) vote in respect of each Class C share and each common share held at all meetings of the shareholders of the Company.

9. The Company has outstanding \$1,000,000 principal amount of 6 $\frac{3}{4}$ % Secured Sinking Fund Debentures, Series A issued October 15, 1963 and \$700,000 principal amount of 7% Secured Sinking Fund Debentures, Series B issued October 29, 1965, both maturing November 15, 1981 and issued under the provisions of a Deed of Trust and Mortgage dated as of October 15, 1963 and made between the Company and Greb Realty Limited and Greb Shoes Limited, subsidiaries of the Company joining as guarantors, and The Waterloo Trust and Savings Company, as Trustee, and a First Supplemental Deed of Trust and Mortgage dated as of October 15, 1965 and made between the Company, Greb Realty Limited, Greb Shoes Limited, The Western Shoe Company Limited and The Canada Skate Manufacturing Company Limited, subsidiaries of the Company joining as guarantors, and The Waterloo Trust and Savings Company, as Trustee (the Deed of Trust and Mortgage and the First Supplemental Deed of Trust and Mortgage being hereinafter sometimes collectively referred to as the "Trust Deeds"). Such Debentures are direct obligations of the Company and are secured under the Trust Deeds by way of a first fixed and specific mortgage, pledge and charge in favour of the Trustee on all real and immovable property now and hereafter belonging to the Company and its subsidiaries and on certain policies of life insurance and by way of a first floating charge on the undertaking, property and assets for the time being, both present and future, of the Company and its subsidiaries all as set out in the Trust Deeds. The Trust Deeds contain covenants on the part of the Company that, so long as any of the Series A or Series B Debentures are outstanding, it will not make payments in respect of (i) any dividends (other than stock dividends), (ii) any redemption, reduction or other distribution on capital stock, (iii) any loans or advances to any associated or affiliated companies, shareholders or other individuals, (iv) any repayment of moneys borrowed from shareholders or associated companies and (v) any repayments of Consolidated Funded Debt (as defined in the Trust Deeds) other than mandatory sinking fund payments and serial maturities, if the aggregate of such payments made after October 31, 1965 by the Company and its subsidiaries would exceed an amount equal to the aggregate of the Consolidated Net Earnings (as defined in the Trust Deeds) earned after October 31, 1965 and \$950,000, and it will make no such payments (except regular dividend require-

ments on preference shares) unless, after such action, Consolidated Net Tangible Assets (which, as defined in the Trust Deeds, does not require the deduction of liability for the repayment of outstanding Consolidated Funded Debt except the portion due within twelve months following the date of determination) are equal to at least $2\frac{3}{4}$ times the total amount of Series A Debentures then outstanding plus $2\frac{1}{2}$ times the total principal amount of all other Consolidated Funded Debt (other than the portion thereof, in each case, due within twelve months following the date of determination thereof) then outstanding, and Consolidated Working Capital (as defined in the Trust Deeds) is equal to the greater of \$1,000,000 or 150% of Consolidated Funded Debt (other than the portion thereof due within twelve months following the date of determination thereof) then outstanding. The Trust Deeds also provide for sinking fund payments sufficient to retire \$62,000 principal amount of Series A Debentures and \$42,000 principal amount of Series B Debentures on November 15 in each of the years 1966 to 1980 inclusive. Subject to the restriction that Series B Debentures may not be redeemed prior to November 15, 1975 as part of or in anticipation of a refunding of Consolidated Funded Debt having an interest cost of less than 7% per annum, the Company may on and after November 15, 1968 redeem Series A and Series B Debentures prior to maturity at prices varying from 110.50% of the principal amount if redeemed on or before November 15, 1969 to 100% if redeemed after November 15, 1980, in each case plus accrued and unpaid interest to the date specified for redemption. The Series A Debentures and the Series B Debentures rank ahead of the shares offered hereby and the Trust Deeds permit, subject to compliance with the provisions thereof, the issue of additional Debentures and other funded obligations without limitation as to aggregate principal amount.

In addition to the Company's outstanding $6\frac{3}{4}\%$ Secured Sinking Fund Debentures, Series A and 7% Secured Sinking Fund Debentures, Series B, the Company has outstanding certain secured indebtedness to its bankers as referred to in paragraph 10 hereof.

The Company proposes from time to time to pay dividends on the Class C participating shares in whole or in part by way of a stock dividend consisting of Class B non-voting non-cumulative redeemable shares with a par value of 20¢ each and to redeem forthwith any such Class B shares issued as a result of such stock dividend. Such Class B shares, while outstanding, will rank ahead of the common shares of the Company offered by this prospectus to the extent specified in the provisions attaching to the Class B non-voting non-cumulative redeemable shares as set forth in paragraph 8 (c) hereof. The Class C participating shares, of which 533,500 are outstanding, rank equally share for share as to dividends (except in respect of stock dividends) and as to capital with the common shares of the Company offered by this prospectus all as fully set out in the provisions attaching to the Class C participating shares and common shares set forth in paragraph 8 (d) hereof.

Except as aforesaid and except as to the 5,600 5% Cumulative redeemable Class A preference shares, first series referred to in paragraph 7 hereof, no securities of the Company have been issued by the Company or are proposed to be issued by it which rank ahead of or *pari passu* with the common shares offered by this prospectus.

10. There is no substantial indebtedness to be created or assumed by the Company which is not shown in the pro forma consolidated balance sheet of the Company as at October 30, 1965 forming part of this prospectus. The Company in the ordinary course of business borrows money from its bankers and has given its bankers security as set out in such balance sheet; the additional amounts to be borrowed from time to time are not now known.

11. There are no securities of the Company covered by options outstanding or proposed to be given by the Company. Reference is made to paragraph 8(d) hereof for a statement of the rights of the holders of fully-paid Class C participating shares to convert such shares into common shares.

12. The number of securities offered by this prospectus, their appropriate and correct descriptive title and the issue price to the public and the terms thereof are shown on the face page of this prospectus, to which reference is hereby made.

13. The estimated net proceeds to be derived from the sale of the 135,000 common shares offered hereby on the basis of the same being fully taken up and paid for are \$1,471,500 less legal, auditing, printing and other expenses in connection with the issue estimated at \$30,000.

14. The net proceeds of the sale by the Company of the common shares offered hereby will be used by the Company to reduce its current bank indebtedness, which indebtedness had been increased to provide funds for the acquisition of shares of certain subsidiaries as stated in paragraph 21 hereof, and which amounts to approximately \$2,500,000 at the date hereof. As such proceeds will be paid directly to the Company's bankers on the completion of the sale, no provision has been made for the deposit thereof in trust to be used for such purpose.

15. No minimum amount, in the opinion of the directors, must be raised by the issue of the common shares offered hereby to provide the sums required or the balance of the sums required to pay the purchase price of any property, to pay preliminary expenses or commissions payable in respect of subscriptions for shares in the Company, to repay moneys borrowed by the Company in respect of the foregoing matters or to repay bank loans, except as indicated in paragraph 14 hereof.

16. Pursuant to an agreement dated February 26, 1966 between the Company and Wood, Gundy & Company Limited, the Company has agreed to sell and Wood Gundy & Company Limited has agreed to purchase, subject to the terms and conditions of the agreement, the 135,000 common shares offered by this prospectus for an aggregate price of \$1,471,500 payable in cash against delivery of certificates representing such shares.

17. The by-laws of the Company contain the following provisions as to the remuneration of directors: "The directors shall be paid such remuneration, if any, as the board may from time to time determine. Any remuneration so payable to a director who is also an officer or employee of the Company or who is counsel or solicitor to the Company or otherwise serves it in a professional capacity shall be in addition to his salary as such officer or to his professional fees as the case may be. In addition the board may by resolution from time to time award special remuneration out of the funds of the Company to any director who performs any special work or service for, or undertakes any special mission on behalf of, the Company outside the work or services ordinarily required of a director of the Company. The directors shall also be paid such sums in respect of their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties as the board may from time to time determine. No confirmation by the shareholders of any such remuneration or payment shall be required."

18. The aggregate remuneration paid by the Company during its last financial year ended October 30, 1965 to its directors as such was nil and to its officers who individually received remuneration in excess of \$10,000 per annum was \$139,350. The aggregate remuneration estimated to be paid or payable during the current financial year of the Company to its directors as such is \$4,500 and to its officers who individually have received or may be entitled to receive remuneration in excess of \$10,000 per annum is \$143,325.

19. No amount has been paid within the two years preceding the date hereof or is payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company. Reference is made to paragraph 16 hereof as to the price at which the common shares offered hereby will be sold by the Company to Wood, Gundy & Company Limited.

20. The Company has been carrying on business for more than one year.

21. On October 29, 1965 the Company purchased all the issued and outstanding shares of The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc. for the sum of \$1,192,500 and 335 fully paid and non-assessable common shares of the Company as its capital was then constituted. (Following the reclassification and subdivision of the common shares of the Company by supplementary letters patent dated February 18, 1966, such 335 common shares were divided into 33,500 Class C participating shares and 335 common shares.) The directors of the Company valued the consideration received for the issue of such 335 common shares at \$500,000. As appears by the consolidated balance sheet of the Company as at October 30, 1965 forming part of this prospectus, the book value of the shares purchased as aforesaid exceeded the cost at date of acquisition by \$95,772. The cash portion of the purchase price paid by the Company was raised by the sale of \$200,000 principal amount of 7% Secured Sinking Fund Debentures, Series B of the Company at par and the balance by bank borrowings. As part of the transaction the Company purchased the indebtedness of The Western Shoe Company Limited to one Roy C. Bauer in the amount of \$500,000 bearing interest at 7% per annum in exchange for \$500,000 principal amount of the said 7% Secured Sinking Fund Debentures, Series B of the Company. The Company also guaranteed a promissory note of The Canada Skate Manufacturing Company Limited in favour of the said Roy C. Bauer in the principal amount of \$200,000 bearing interest at 5% per annum due October 28, 1966. The Company also agreed to purchase for \$107,500 a warehouse presently rented by The Western Shoe Company Limited which purchase is expected to be completed by March 15, 1966. Save as aforesaid no property has been purchased or acquired by the Company or is proposed to be purchased or acquired by the Company, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the issue of the common shares offered by this prospectus or the purchase or acquisition of which has not been completed at the date hereof and no property has been purchased or acquired by the Company or is proposed to be purchased or acquired by the Company the purchase price of which has been paid within the two preceding years or is to be paid in whole or in part in securities of the Company.

22. The name of the vendor of the issued and outstanding shares of The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc. purchased by the Company and of the warehouse to be purchased by the Company, as referred to in paragraph 21 hereof, is Bauer Holdings Limited whose address is c/o Fasken, Calvin, MacKenzie, Williston & Swackhamer, 36 Toronto Street, Toronto 1, Ontario, which is also the address of the said Roy C. Bauer mentioned in paragraph 21 hereof. No amount was paid or is payable for goodwill. Full particulars of the purchase price and the amount paid or payable in cash or securities of the Company are set forth in paragraph 21 hereof.

In the acquisition in 1959 of the assets of Canada West Shoe Manufacturing Company Limited and Calumet Shoe Co. Limited an amount of \$85,000 was paid for goodwill.

23. Except as set forth in paragraph 21 hereof, no securities of the Company have been issued or agreed to be issued by the Company as fully or partly paid up otherwise than in cash within the two years preceding the date hereof and the securities issued by the Company referred to in paragraph 21 hereof were issued as fully paid and for the consideration therein stated.

24. No obligations are offered by this prospectus.

25. No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the common shares offered hereby except the legal, auditing, printing and other expenses of the issue referred to in paragraph 13 hereof, and no services have been paid within the two years preceding the date hereof, or are to be paid for by securities of the Company.

26. No amount has been paid within the two years preceding the date hereof by the Company or is intended to be paid by the Company to any promoter.

27. No material contracts have been entered into by the Company within the two years preceding the date hereof other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company and other than:

(a) the agreement between the Company and Wood, Gundy & Company Limited dated February 26, 1966 and referred to in paragraph 16 hereof;

(b) the agreement between the Company, Bauer Holdings Limited and Roy C. Bauer dated as of October 15, 1965 and relating to the transaction referred to in paragraph 21 hereof;

(c) purchase agreements dated October 26, 1965 between the Company and each of The Mutual Life Assurance Company of Canada, The Canada Life Assurance Company and Roy C. Bauer, as purchasers, relating to the purchase of the \$700,000 principal amount of 7^{1/2}% Secured Sinking Fund Debentures, Series B shown in the consolidated balance sheet of the Company forming part of this prospectus; and

(d) the First Supplemental Deed of Trust and Mortgage referred to in paragraph 9 hereof.

Copies of each of the said contracts may be inspected at the head office of the Company, 1 Adam Street, Kitchener, Ontario during ordinary business hours of any business day during the primary distribution of the common shares offered by this prospectus and for 30 days thereafter.

28. No director of the Company is interested in any property proposed to be acquired by the Company.

29. The Company has been carrying on business for more than three years. The Company has not acquired nor does it propose to acquire a business that has been carried on for less than three years.

30. No person or persons by reason of any agreement in writing is or are in a position to, or are entitled to, elect or cause to be elected a majority of the directors of the Company. By reason of the beneficial ownership of shares of the Company carrying voting rights, Harry D. Greb, 200 Pandora Crescent, Kitchener, Ontario and The Waterloo Trust and Savings Company, Kitchener, Ontario as executors of the Estate of Erwin C. Greb, deceased, the said Harry D. Greb, Arthur C. Greb, 234 Cameron Street North, Kitchener, Ontario and Charles E. Greb, 108 Greenbrook Drive, Kitchener, Ontario are in a position to elect or cause to be elected a majority of the directors of the Company.

31. No securities of the Company are to the knowledge of the Company held in escrow.

32. Particulars of the dividends paid by the Company since October 30, 1960 are as follows:

Year ended October 30	(1) Class A Preference Shares		(2) Class B Preference Shares		(3) Common Shares	
	Per Share	Amount	Per Share	Amount	Per Share	Amount
1961.....	\$ 8.00	\$1,704	\$ nil	\$ nil	\$ nil	\$ nil
1962.....	10.67	2,272	nil	nil	nil	nil
1963.....	8.00	1,704	nil	nil	5.00	25,000
1964.....	12.00	2,556	5.00	18,935	5.00	25,000
1965.....	8.00	1,704	5.00	18,935	5.00	25,000
Four months ended February 26						
1966.....	nil	nil	nil	nil	nil	nil

NOTES:

- (1) All the outstanding Class A Preference Shares (as the capital of the Company was then constituted) were purchased for cancellation on October 8, 1965.

- (2) The Class B Preference Shares were designated as 5% Cumulative Redeemable Preference Shares, Series A by supplementary letters patent dated October 26, 1965 and were subsequently redesignated as 5% Cumulative redeemable Class A preference shares, first series by supplementary letters patent dated February 18, 1966. No dividends have been paid on such shares since October 30, 1965.
- (3) The 5,335 common shares without par value then outstanding were reclassified and subdivided by supplementary letters patent dated February 18, 1966 into 533,500 Class C participating shares without par value and 5,335 common shares without par value. No dividends have been paid on common shares since October 30, 1965, and no dividends have been paid on the Class C participating shares.

33. There are no other material facts not disclosed in the foregoing. Reference is made to the attached letter from Mr. H. D. Greb, the President of the Company, which forms part of this prospectus.

DATED: February 26, 1966.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part IX of The Securities Act, 1955 (Alberta), by Part VII of the Securities Act, 1962 (British Columbia), by Section 13 of the Securities Act (New Brunswick), by Section 39 of The Securities Act (Ontario), by the Securities Act (Quebec) and by Section 43 of The Securities Act (Saskatchewan), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

(signed) HARRY D. GREB

(signed) J. B. HAWSON

(signed) A. C. AUSTEN

(signed) DAVID C. H. STANLEY

(signed) ARTHUR C. GREB

(signed) CLARA M. GREB
by her agent
(signed) A. C. AUSTEN

(signed) ROSS E. HAHN

(signed) J. D. CAMPBELL

(signed) CHARLES E. GREB
by his agent
(signed) A. C. AUSTEN

Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part IX of The Securities Act, 1955 (Alberta), by Part VII of the Securities Act, 1962 (British Columbia), by Section 13 of the Securities Act (New Brunswick), by Section 39 of The Securities Act (Ontario), by the Securities Act (Quebec) and by Section 43 of The Securities Act (Saskatchewan), and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

WOOD, GUNDY & COMPANY LIMITED

By: (signed) J. K. McCausland

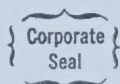
The following includes the name of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Wood, Gundy & Company Limited: C. L. Gundy, W. P. Scott, W. P. Wilder, J. N. Cole, E. H. Ely, E. S. Johnston, D. B. Dingle, J. K. McCausland and D. Ross.

12.	DIRECTORS		
	Clara Minna Greb	Widow	43 Margaret Avenue, Kitchener, Ontario.
	Harry Douglas Greb	Executive	200 Pandora Crescent, Kitchener, Ontario.
	Arthur Charles Greb	Executive	234 Cameron Street N., Kitchener, Ontario.
	Charles Erwin Greb	Executive	108 Greenbrook Drive, Kitchener, Ontario.
	Arnold Charles Austen, C.A.	Executive	63 Crosby Drive, Kitchener, Ontario.
	John Daniel Campbell	Executive	236 Stanley Drive, Waterloo, Ontario.
	Ross Edward Hahn	Executive	118 Greenbrook Drive, Kitchener, Ontario.
	John Bernard Hawson	Executive	772 Dunbar Road, Kitchener, Ontario.
	David Christopher Hall Stanley	Investment Dealer	139 Alexandra Blvd., Toronto, Ontario.

13.	OFFICERS		
	Harry Douglas Greb	President	200 Pandora Crescent, Kitchener, Ontario.
	John Daniel Campbell	Vice-President, Marketing	236 Stanley Drive, Waterloo, Ontario.
	Ross Edward Hahn	Vice-President, Manufacturing	118 Greenbrook Drive, Kitchener, Ontario.
	Charles Erwin Greb	Director of Sales	108 Greenbrook Drive, Kitchener, Ontario.
	Arthur Charles Greb	Secretary	234 Cameron Street N., Kitchener, Ontario.
	Arnold Charles Austen, C.A.	Comptroller	63 Crosby Drive, Kitchener, Ontario.
	George Arthur Klugman	Treasurer	126 Lyndhurst Drive, Kitchener, Ontario.

14. CERTIFICATE

Pursuant to a resolution passed by the board of directors the applicant Company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



GREB INDUSTRIES LIMITED

"HARRY D. GREB", President.

"ARTHUR C. GREB", Secretary.

15. CERTIFICATE OF UNDERWRITERS

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

WOOD, GUNDY & COMPANY LIMITED

"P. J. CHADSEY".

DISTRIBUTION OF COMMON SHARES AS OF MARCH 24, 1966

Number		Shares	
252	Holders of 1 — 99 share lots	9,391	
250	" " 100 — 199 " "	26,055	
92	" " 200 — 299 " "	19,051	
27	" " 300 — 399 " "	8,235	
10	" " 400 — 499 " "	4,000	
28	" " 500 — 999 " "	14,998	
22	" " 1000 — up " "	58,605	
681	Shareholders	Total shares	140,335

